

When the stars align

Celebrity involvement and ownership in growth companies

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**Abstract**

Celebrities and entrepreneurs collaborate beyond traditional endorsements. This study provides a conceptual model for understanding a relatively new phenomenon in management research, celebrity involvement and ownership in growth companies.

I interviewed, in total, ten celebrities and entrepreneurs to explore what makes them collaborate in entrepreneurial ventures. Based on thematic analysis, I argue that celebrities and entrepreneurs have converging stories, which drives them to pursue mutual objectives by joining forces. The success is depending a lot on how well their relationship develops over time, and what kinds of roles celebrities have. Much of the value in celebrity involvement and ownership comes from the increased attention that media, social media audiences, and networks give to celebrities.

Compared to traditional endorsements, celebrity involvement and ownership introduces longer-term consequences. In the best-case scenario, celebrities and entrepreneurs have matching values, similar ways of being, and bright ideas of how to contribute to companies in the long run.

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**Tiivistelmä**

Julkisuudesta tunnetut henkilöt osallistuvat liiketoimintaan kasvuyrittäjien kanssa yhä monimuotoisemmin tavoin. Tämä tutkimus esittelee tavan ymmärtää julkkisten osallistumista ja omistajuutta kasvuyrityksissä. Se on laajennus aikaisempaan tutkimukseen julkkisten tekemistä suosituksista yrityksille ja niiden tuotteille.

Haastattelin yhteensä kymmentä julkisuudesta tunnettua henkilöä sekä kasvuyrittäjää tätä tutkimusta varten. Aineistosta tehtiin teema-analyysi, josta käy ilmi, että julkkikset ja kasvuyrittäjät löytävät usein toisensa, kun he haluavat kertoa samankaltaisia tarinaa ja edesauttaa vastaavia tavoitteita. Kumppanuuden onnistuminen riippuu paljolti julkkisten ja kasvuyrittäjien välisestä suhteesta sekä niistä rooleista, joita julkkiksella yrityksessä on. Iso osa julkkisten tuottamasta arvosta syntyy kasvaneesta mediahuomiosta, sekä sosiaalisen median viestinnästä ja verkostoista, joita julkkikset tuovat yrityksiensä käytettäväksi.

Tavallisiin suositteluihin verrattuna julkkisten osallistuminen ja omistajuus on pitkävaikutteisempaa. Parhaassa tapauksessa julkkikset ja kasvuyrittäjät löytävät yhteisiä arvoja, toimivan yhteistyömuodon sekä kirkkaita ajatuksia siitä, kuinka he voivat yhdessä panostaa pitkän aikavälin hyötyihin.

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**Avainsanat** julkkis, yrittäjäyys, sopivuus, kasvuyritykset

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## Preface

I consider myself fortunate for having worked on this master's thesis. In the process of conducting it, I had chances to sit down with many familiar faces from screens, radio waves, and front pages. Furthermore, I also had chances to talk with people genuinely interested in growth companies and entrepreneurship. I am thankful for those celebrities and entrepreneurs who gave me a few minutes of their time to discuss how they are making a mark in the world via entrepreneurial ventures. We had a blast. I sincerely wish that your ventures will succeed.

The real superstars of this academic journey have been my dearest supporters. Thank you, Nina Granqvist, for your continuous inspiration and supervision. Also, I wish to acknowledge the significant support from Petri Parvinen and Essi Pöyry who are likely to be skimming through my final conclusions at this point. In addition, special thanks to the ghost reader Jack E. Earner who gave me a nudge when it was necessary. Moreover, I am grateful for the scholarship granted by the Yrjö Uitto Foundation to aid this project. And, what would I be without my friends and colleagues in the student community who have made me to enjoy every last minute of my studies at Aalto University – eikä syyttä.

Last and foremost, the brightest stars are shining closest to me. Thank you, Josefiina, Äiti, Iskä, Nelli, Tuija, Janne, Emmi, Henna, Päivi, and Antti-Veli. With you there was always a corner of a table, a cup of coffee, and a word of encouragement available whenever I needed it. You never stop to amaze me – my kinds of celebrities and entrepreneurs.

July 2020

# 1. Introduction

Celebrities have their ways to draw us closer. In the making of this thesis, I was fortunate enough to meet a few of these well-known people who are passionate about using some of their time with entrepreneurs to solve our problems. It interests me what kinds of issues are behind celebrities and entrepreneurs' collaboration – what constitutes celebrity involvement and ownership in growth companies.

*Immediately, as I learned how ambitious the entrepreneurs were, our collaboration started to make sense. Because they were making [the product] partially from used fishing nets, it was a no-brainer to me. I decided to invest in the company, then and there. (Celebrity 3)*

Celebrities are investors and cofounders in startups and growth companies. The cooperation between celebrities and entrepreneurs is widely acknowledged in business media (e.g. Business Insider, 2018; Bloomberg, 2019; Forbes, 2019). But, so far, there has been little academic research about the topic. To the best of my knowledge, only a couple of researchers have shed light on celebrity entrepreneurship (see, e.g. Hunter, 2009). In this study, using qualitative interviews, I will attempt to provide a conceptual model for understanding the phenomenon better.

The rest of the paper is divided into five chapters. First, this chapter will continue with an elaboration of research purpose, design, and limitations. Second, a detailed review of the literature and a conceptual model will be introduced. Third, I will discuss the methodology of this thesis and present how the research was conducted. Fourth, my findings in celebrity involvement and ownership in relation to the outlined conceptual model will be presented. To conclude, I will introduce ideas for future research and offer practical implications for celebrities and entrepreneurs interested in celebrity involvement and ownership in growth companies.

## **Research purpose**

This thesis is one of the earliest studies to explore celebrity involvement and ownership in growth companies. However, similar topics are extensively studied in celebrity endorsement literature. For decades (Erdogan, 1999), marketing scholars have tested celebrity endorsers' impact on communication effectiveness and theorised a couple of different models for selecting the most suitable celebrity endorsers for a company. Studies have identified connections between celebrities' credibility (e.g. Hovland & Weiss, 1951; McGuire, 1985; Ohanian, 1990), their impact for stock returns and sales (e.g. Agrawal & Kamakura, 1995, Elberse & Verleun, 2012; Knittel & Stango, 2014), celebrity-brand match-up (e.g. Kahle & Homer, 1985; Till & Busler, 2000), and meaning transfer and brand alliance (e.g. McCracken, 1989; Seno & Lukas, 2007; Halonen-Knight & Hurmerinta, 2010). To date, management and entrepreneurship scholars have shown much less interest in celebrities and entrepreneur' collaboration. Therefore, marketing research serves as a backbone for the theoretical framework in this thesis, as well.

In addition, there are a few expansions to celebrity endorsement research from the entrepreneurship perspective. In their doctoral dissertation, Hunter (2009) defines that celebrity entrepreneurship describes well-known people's participation and ownership in entrepreneurial ventures. Their main argument is that the perceived involvement of the celebrity increases the effectiveness of the celebrity's endorsement for the company. Additionally, Hunter & Davidsson (2009) introduce celebrity capital as a strategic asset for companies, and, at the same time, they outline future research topics on how celebrities can be beneficial to startups in other ways than communication effectiveness. Nevertheless, to the best of my knowledge, to date, there has been no research focusing on the implications of celebrity involvement and ownership in practice.

In this thesis, I will contribute to a gap in management research. On the one hand, I will introduce a conceptual framework which will help other researchers to identify critical



issues which are emerging beyond marketing topics in celebrity involvement and ownership in growth companies. On the other hand, I will provide an overview for celebrities and entrepreneurs who are already collaborating, or who are considering joining their forces through celebrity involvement and ownership. I wish to help them understand and overcome practical issues related to the phenomenon. Importantly, rather than relying on secondary data, my recommendations for managers are based on real-life examples.

### **Research questions**

I wish to explore what makes celebrities and entrepreneurs to collaborate in entrepreneurial ventures. More specifically, I am interested in the internal perspective to celebrity involvement and ownership in growth companies. In the interest of scope, I have decided to narrow down the large problem into three research questions.

***RQ 1:** What kinds of drivers celebrities and entrepreneurs have for joining forces?*

***RQ 2:** How they perceive the elements of a successful partnership?*

***RQ 3:** What makes celebrity involvement and ownership in growth companies valuable?*

This thesis unveils answer to these questions by interviewing, in total, ten celebrities and entrepreneurs in Finnish growth companies. I believe that their learnings from can provide a reasonable basis for an overview of the phenomenon. Nevertheless, I am not aiming for generalisations, but my conceptual model should be understood as one interpretation of plausible answers to the three research questions.

### **Research design**

Explorative research is generally thought to be useful when a research problem is not yet clearly defined. Management researchers have a lot to offer to study celebrity involvement and ownership in growth companies. For instance, they can broaden the

terminology within the novel research topic and create new connections to other research disciplines. Similarly, my approach here is to explore the issues in celebrity involvement and ownership that are relevant for celebrities and entrepreneurs.

I follow the constructivist research philosophy. In my opinion, qualitative research tradition is well-suited for studying how celebrities and entrepreneurs experience issues in their collaboration in practice. This study has been an iterative process where results have been produced and reproduced between data collection, analysis, and writing the report. To understand the complexity of the phenomenon, it has been helpful to use some of the themes outlined in previous research while also constructing new themes along from the data. I would call this kind of reasoning abductive.

The use of primary data sources arguably contributes to academic research regarding celebrity studies related to venturing. Access to real-life cases is not always self-evident from busy celebrities and entrepreneurs. Fortunately, a sufficient number of celebrities and entrepreneurs were kind enough to share their thoughts on the topic. The interviews were conducted as semi-structured interviews and analysed thematically.

Personally, I conducted eight of the interviews, while two of them were held by marketing and management scholars Petri Parvinen and Essi Pöyry. It must be acknowledged that their ideas, knowledge, and networks were highly valuable when outlining the initial research purpose and reaching out for potential interviewees. In that sense, our cooperation worked much like celebrity involvement and ownership, where I, as a researcher, benefited from the affiliation of these superstars.

## **Limitations**

*It is hard to say what the competitive advantages [of celebrity involvement and ownership] are without having a proper reference point in celebrity endorsements. We have no previous experience on that. (Entrepreneur 5)*

Frankly, I hope to have overcome the limitation presented above by an entrepreneur. Nevertheless, this study has various limitations. The first significant limitation is that only celebrities and entrepreneurs were studied. Additionally, my thematic analysis was based on a variety of celebrity-entrepreneur collaboration without a particular focus, for example, in celebrity investors or celebrity cofounders. The same applies to the size and growth stage of selected growth companies. The last limitation is that data were gathered only in a context where celebrities and entrepreneurs have arguably small circles.

Other stakeholders, such as investors and customers, could enhance the interpretations made about celebrity involvement and ownership in growth companies. Additionally, the thematic analysis presented in this thesis was solely conducted by me. Alternative interpretations from the data are limited to a few comments from my supervisor and supportive researchers. It provides limited, but, at least, some validation to the conceptual model presented in this study, and also restricts potential biases in the outcomes.

Future researchers could take into account in their design the different forms of celebrity involvement and ownership in growth companies. Due to the iterative nature of this thesis, I did not find clear cases whether celebrities were acting as investors, cofounders, or both in the entrepreneurial ventures. Drawing a line between the two formats could help to understand differences that are not visible in my research. Similarly, my definition of growth companies should be interpreted as the broadest sense, including startup companies in very early stages (e.g. seed-funded) as well as later-stage growth companies who are already expanding abroad.

Finnish celebrities and entrepreneurs might provide a limited view of the phenomenon. For example, I have noticed that, although there was no planned connection, many interviewees bring each other's names in the interviews. This limitation is also a benefit for the study. On the one hand, celebrities can then explain drivers related to their connections with other influential people better. On the other hand, these connections

make data more accessible through a smaller number of interviews. Nevertheless, it is arguable that only very few Finnish celebrities and entrepreneurs have experience from global mega-arenas, which limits illustrations behind my analysis.

To conclude, I want to underline that this study attempts to explore a previously under-researched phenomenon. Therefore, experiences from all sides are equally as important and are treated mutually in my analysis. There are other alternatives to make interpretations, such as separating celebrities and entrepreneurs into two categories. However, I have decided not to make such a distinction in this thesis because the data collection methods were not designed to separate the two groups.

Moving forward, in the following chapter, I will discuss how celebrity endorsement literature and other supporting research create a foundation for understanding celebrity involvement and ownership in growth companies, as well.

## **2. Theoretical framework**

Celebrity involvement and ownership is not well understood in management literature. Hunter (2009) has established the term ‘celebrity entrepreneurship’ which comes closest but is yet somewhat tied with marketing research on celebrity endorsement. The limited amount of other research on celebrities and venturing have also used similar theoretical frameworks (Muda et al., 2014). Thus, this thesis builds on celebrity endorsement literature to understand how celebrity involvement and ownership differs as a phenomenon.

The rest of this chapter unfolds as follows. First, the breadth of celebrity endorsement research will be reviewed. Second, the emerging issues in exploring celebrity involvement and ownership will be discussed. Third, studies with a particular focus on celebrity influence in societal issues will be reviewed to expand the understanding of what makes celebrities and entrepreneurs to collaborate also in entrepreneurial ventures. Finally, in conclusion, I will present a theoretical framework which supports the interpretation of findings in this study.

### **2.1. Celebrity endorsement**

Celebrity endorsements have been an important marketing strategy for decades (Friedman & Friedman, 1979; Erdogan, 1999; Ding et al., 2011). At the beginning of the century, between one-fifth and one-fourth of all advertisements that were aired in the United States (MarketWatch, 2006; Creswell, 2008) were using celebrity endorsers. Another clear indicator about the significance is the multimillion deals that some of the world’s most well-known people have received for their affiliation with global brands, such as Tiger Woods’ 200-million-dollar deal with Nike between years 2000 and 2010 (Chung et al., 2013). Obviously, growth companies do not have such sums to pay for megastars.

But, the learnings from celebrity endorsement remain valuable for growth companies, too. In their recent literature review, Yang (2018) summarises the existing celebrity endorsement research into two areas: 1) the selection of celebrity endorsers (e.g. McCracken, 1989; Kamins, 1990; Ohanian, 1990; Erdogan et al., 2001), 2) and the benefits and risks associated with celebrity endorsement (e.g. Friedman & Friedman, 1979; Atkin & Block, 1983; Agrawal & Kamakura, 1995). While scholars have found multiple models to explain why celebrity endorsers are effective in advertisements, there are some controversies. Unfortunately, no one model has yet been selected (Yang, 2018). In the following, the focus will be on three competing models, one at a time.

### **Source models**

Scholars generally agree on three sources for communication effectiveness. In the earliest model of the so-called source credibility, Hovland & Weiss (1951) argue that the (perceived) trustworthiness and the (perceived) expertise of the communicator increase the level of agreement in the audience. Similarly, the similarity, attractiveness, and likability of the endorser have received scholarly attention in this regard (e.g. Baker & Churchill, 1977; Friedman & Friedman, 1979), and are claimed to lead to increased communication effectiveness in advertising (McGuire, 1985). For simplicity, source models are generally described together as source credibility, which consists of expertise, trustworthiness, and attractiveness factors (Erdogan, 1999).

Source models have been successfully operationalised to measure the impact of celebrity endorsement. Findings show that celebrity endorsers can, e.g. increase positive attitude towards the company (Atkin & Block, 1983), create a brand image (Seno & Lukas, 2007; Halonen-Knight & Hurmerinta, 2010), and enhance purchase intentions (Friedman & Friedman, 1979; Kahle & Homer, 1985). However, it is now always clear which of the sources lead to these impacts, and thus, Ohanian (1990) claims that rather than testing the three factors separately, researchers should analyse them with a joint scale. This view has

been validated from the perspective of selecting endorsers when Erdogan et al. (2001) surveyed advertisements agencies' preferences for selecting endorsers.

The implications of expertise, trustworthiness, and attractiveness withstand their role as the backbone of celebrity endorsement literature. Hunter (2009) expanded the three factors with the perceived involvement and argued that it resembles a distinct part of the value derived from other sources. Also, Muda et al. (2014) tested source credibility by finding respective effects on advertising effectiveness also when the celebrity was an owner of the company. Source credibility's most significant caveat is that it has been only studied by measuring how consumers perceive the impact of the three factors, leaving out other stakeholders.

From the management research perspective, it remains unclear how celebrity endorsement (or involvement and ownership) works in practice. The match-up hypothesis could offer ideas about what is going on within the companies.

### **Match-up hypothesis**

Physical attractiveness has played a central role in finding a fit between celebrities and companies. Kahle & Homer (1985) highlight how essential celebrities are for increasing the purchase intentions precisely because of their attractiveness. Similar results have been seen by Friedman & Friedman (1979), although, their reaction was to argue towards celebrities being the most influential group of endorsers. An early version of the match-up hypothesis theorises that attractive endorsers are more effective when there is an excellent product-endorser fit (Kamins, 1990).

Celebrity endorsers are not necessarily physically attractive. Nevertheless, this attribute is often attached to them. Lending from source credibility, scholars have found that both trustworthiness (Friedman & Friedman, 1979) and expertise (Till & Busler, 2000) influence the match-up, as well. Whereas trustworthiness is generally seen as an

underlying feature, Till & Busler (2000: 11) challenge the view by claiming that expertise “might be more appropriate for matching products with celebrities”. Their suggestion is understandable, considering some of the sport brand megadeals with athletes from a particular sport (Elberse & Verleun, 2012).

The search for effectiveness is fundamental to the match-up hypothesis. Consequently, marketing scholars have continued to test the different levels of brand-celebrity congruency and advertisement effectiveness (Yang, 2018). On the one hand, studies have shown that consumers might react more positively to a minor mismatch than to a full match (Lee & Thorson, 2008). On the other hand, others have seen differences in how consumer groups, such as Millennials, are influenced by celebrity endorsements. Interestingly, McCormick (2016) found that Millennials reacted positively even to unfamiliar celebrities when there was an excellent fit with the product. It seems that the match-up hypothesis stands the test of time, even though there is no clear concept of what the brand-endorser attributes should be.

Management scholars could be interested in what kinds of extra qualities constitute an excellent fit between celebrities and companies. Fortunately, a more brand-orientated view is provided by Ilicic & Webster (2013), for instance. They argue that a match-up would be less effective when a celebrity “does not provide information about the partner brand” (ibid: 941) due to ambiguity how they are related. Next, this brand perspective is discussed further together with McCracken’s (1989) meaning transfer model for celebrity endorsements.

### **Meaning transfer**

A definition of celebrity is essential for the meaning transfer. McCracken (1989) positions their perspective within the cultural meaning and suggests that a celebrity endorser can be anyone who is well-known and uses their influence on behalf of another brand.



To summarise, McCracken's (1989) model consists of three stages where, firstly, the celebrity endorser is constructed with cultural meanings attached to them. Secondly, endorsements are used to transfer these meanings to a product (or brand). Thirdly, and importantly, these meanings are finally transferred to consumers via consumption of the product (or brand). Thus, celebrity endorsement can also be seen as a cultural process instead of a purely attribute-based phenomenon.

Excitingly, other scholars have expanded this view by taking into account two-sided brand impacts. Halonen-Knight & Hurmerinta (2010) establish a complementary meaning transfer concept where meanings and associations respectively move from companies to celebrities. In practice, they argue that the two brands are allying and highlight the aspect that celebrities need to be considerate of what kinds of effects the endorsement has on their image. Consequently, the brand alliance provides a new perspective to consider issues beyond celebrity endorsement and financial compensation (Seno & Lukas, 2007).

From the management's point-of-view, brand equity approach (e.g. Seno & Lukas, 2007; Spry et al., 2011) opens new questions. For instance, Ambroise et al. (2014) propose that a celebrity's personality match with the company should be considered, because it may transfer along with other kinds of meanings. Moreover, Seno & Lukas (2007) presents topics like using multiple celebrities with complementing meanings or activating celebrities by including them closer to brand-related activities. Also, future research could look at the boundaries of influence between local versus global celebrities (Spry et al., 2011).

Moving forward, McCracken's (1989) criticises source credibility's inability to explain how exactly celebrity endorsement works. However, source models have been successfully adapted to the meaning transfer model, too (Spry et al., 2011; Miller & Allen, 2012). Indeed, there seems to be no clear-cut to which models are the most appropriate

concept for selecting endorsers or valuing their impact. This notion leaves room for different interpretations.

### **The economic value of celebrity endorsement**

Due to its importance in advertising, researchers have assessed the impact of celebrity endorsement regarding extensively. Surprisingly, though, this focus has been less central compared to the extensive research on different models theorising the effects on purchase intentions (Agrawal & Kamakura, 1995). Nevertheless, scholars have identified the economic worth of celebrity endorsement in both stock returns and sales.

In general, celebrity endorsements affect the firm's stock value directly. Agrawal & Kamakura (1985) first established this observation by studying how several announcements of celebrity endorser contracts affected the firm value positively by analysing abnormal stock returns at given times. Consequently, they suggest that investors react to the announcements positively on average. Several scholars have thereafter confirmed the correlation; for example, Knittel & Stango (2014) found that Tiger Wood's sponsors' market value dropped due to his scandal in 2009.

The argument is that although endorsement intensive companies fared worse than less endorsement intensive competitors, the scandal also sent an overall negative signal to the market. Thus, they illustrate celebrity endorsements as a business-stealing strategy (Knittel & Stango, 2014). However, the finding is not consistent with Ding et al. 's (2011) notion on the market valuing discounted cash flows close to zero because of the higher price tags. They argue that potential hazards should be taken into account considering the company's brand and recognition.

The economic worth of increased sales has been proven as well. Using the Tiger Woods example, Chung et al. (2013) present that by acquiring Tiger Woods' endorsement, the company captured new sales and a price premium with a significant return on investment.

However, they also conclude that “the negative publicity [from the scandal] hurt Nike in profit and sales” (Chung et al., 2013), contributing to the argument of celebrities’ direct effect on stock returns.

Another significant finding comes from Elberse & Verleun (2012). They showed that while celebrity endorsements have an initial impact on sales and stock price, the two seem to follow different paths during the development of the celebrity endorsement collaboration. For instance, the effect on stock value might stay constant, even though the impact on sales – in absolute or relative senses – diminishes (Elberse & Verleun, 2012). Therefore, the perceived value of the endorsement might appear differently between investors and sales managers at a given time.

The research on the economic value of celebrity endorsement provides a framework also for management research. For example, assessing brand effects expands celebrity endorsement research outside the traditional endorsement effectiveness focus. Going forward, management scholars would benefit from a conceptual model trying to combine various aspects of celebrity endorsement research to investigate the connections between endorsers, managers, customers, and investors.

## **2.2. Beyond endorsement effectiveness**

While exploring celebrity involvement and ownership in growth companies beyond endorsement effectiveness, a more practice-orientated research view is required. Unfortunately, marketing scholars have so far collected little data within the companies. There is a lack of primary sources and practitioner reports that would shed light on the underlying processes in celebrity involvement and ownership. Only a few studies with primary sources may be leveraged (see, e.g. Halonen-Knight & Hurmerinta, 2010). Nevertheless, researchers have already introduced relevant research directions that could explore potential topics in celebrity involvement and ownership.

There are, at least, three areas related to celebrity endorsement, where management researchers can contribute. Firstly, Hunter & Davidsson (2007) argue that in addition to enhancing a holistic understanding of marketing communication, celebrity entrepreneurship offers a novel phenomenon to study on its own. Secondly, while it has been claimed that the perceived involvement of the celebrity in a company increases positive outcomes of celebrity endorsement (Hunter, 2009; Keel & Natarajan, 2012), less is known about how celebrities are engaged in companies, and what kinds of roles they have in practice. Thirdly, the definition of ‘celebrity capital’ creates an opportunity to treat celebrity involvement and ownership in companies as a strategic asset (Hunter & Davidsson, 2007; Hunter, Burgers & Davidsson, 2009), and use that perspective to make sense of its value to different stakeholders. Altogether, avenues for discovery seem broad.

Despite the academic potential outlined here, and the empirical interest shown by the media, celebrity involvement and ownership has thus far failed to raise investments from marketing and management scholars alike. Therefore, celebrity endorsement literature needs to be acknowledged as the best alternative for exploring celebrity involvement and ownership at this time. Attempts to operationalise ideas from celebrity endorsement research could lead to fruitful findings. Reorganising celebrity endorsement literature is one way of making sense of the terms related to celebrity involvement and ownership. Next, the definitions of celebrity entrepreneurship, celebrity involvement, and celebrity ownership are discussed.

### **Celebrity entrepreneurship**

The vast amount of empirical evidence (such as news reports and advertisements) suggest that celebrities engage in entrepreneurial ventures beyond traditional endorsements. In their dissertation, Hunter (2009: 2) defines celebrity entrepreneurs as “individuals who are well-known and take part both in owning and running ventures”. This definition owes

much to McCracken's (1989) famous interpretation where any well-known individual who uses their influence for the benefit of a company can be seen as a celebrity endorser.

Consequently, a celebrity entrepreneur is a person who has generated their celebrity outside the company, which makes them distinct from a celebrity CEO who has become famous because of running their businesses.

While many aspects of celebrity entrepreneurship remain unknown, it may be assumed that companies gain similar benefits than in celebrity endorsements from such cooperation. On the one hand, source credibility is likely to be as, or even more critical, in venturing because growth companies often face liabilities of newness, and lack credibility in their value chains (Hunter et al., 2009). After all, trustworthiness, expertise and attractiveness have long been thought to be significant resources for standing out of the crowd, creating brands and increasing global recognition (Erdogan, 1999). There is no doubt whether these present advantages for any entrepreneurial venture.

Indeed, Hunter (2009) argues that the impact of source models is higher in celebrity entrepreneurship than celebrity endorsement due to the perceived involvement of the celebrity in the company. Respectively, celebrity involvement and ownership in growth companies enhance communication effectiveness. Also, Muda et al. (2014) conclude that source credibility is at least as useful in celebrity entrepreneurship than it is in traditional endorsements.

Additionally, meaning transfer model has implications for celebrity entrepreneurship. It shows that celebrities are able to transfer their brand to affiliated companies while simultaneously building their brand (Seno & Lukas, 2007; Halonen-Knight & Hurmerinta, 2010). Not only could this be a prerequisite for celebrities and entrepreneurs' collaboration, but it also suggests that celebrity entrepreneurship is a two-way street with mutual benefits outside the economic worth. Scholars still do not understand what

motivates celebrities to take additional risks related to non-established brands of entrepreneurial ventures (Hunter, 2009).

In this thesis, celebrity entrepreneurship is treated as an extension to source credibility and meaning transfer model. As might be expected, celebrity entrepreneurship is linked to celebrity involvement and ownership. For instance, celebrities' effectiveness in growth companies might be tied to the roles that they have in the company (Keel & Nataraajan, 2012). Or external stakeholders like consumers, business partners, and investors might find their involvement as reducing financial risks related to entrepreneurial ventures (Hunter et al., 2009).

### **Celebrity involvement**

There are many possible roles for celebrities in growth companies. Apart from being initiators themselves, a celebrity might act as a spokesperson, designer, or even manager of the firm. There is little evidence about what works best. However, it seems that the consumers perceive celebrity involvement as is highly effective in terms of communication effectiveness (Hunter & Davidsson, 2007). Thus, it remains an interesting question of how much celebrities should or could be involved in practice.

One lens to celebrity involvement is the needs of the company, i.e. which skills and resources that celebrities bring to the company. In general, celebrities are better positioned to approach unknown contacts and other influential people (Becker, 2013). An early-stage venture might need someone launching their story, while later on, they might need experience in going abroad. Matching the needs of the company and the skills of the celebrity could be crucial for the cooperation. Often, the requirements could be related to connections to relevant people. According to Hunter (2009), celebrity networks might be an effective way to reach influential people.

Another perspective is the people. Rather than using the match-up hypothesis solely for reasoning the fit between brand-endorser attractiveness and expertise, scholars might be interested to understand how well celebrities and entrepreneurs fit together in more practical terms. Ambrois et al. (2014) claim that personalities transfer to brands, along with other meanings more detached from the individual. Thus, an interesting question is posed to entrepreneurs is, are they confident working with any kinds of celebrities.

Lastly, we do not yet know what motivates celebrities to engage in entrepreneurial ventures. However, it could be assumed that there are drivers outside economic gain that makes already wealthy celebrities to risk their personal brands (Seno & Lukas, 2007) as well as investments in entrepreneurial ventures without guarantees of success. Arguably, celebrity involvement is, to some extent, driven by the sense of common purpose and the relationship between celebrities and entrepreneurs. From this perspective, celebrity involvement is separate but closely tied to celebrity ownership in growth companies.

### **Celebrity ownership**

There are two sides of celebrity ownership emerging in entrepreneurship and communication literature. The introduction of sweat equity helps to understand how celebrity owners' efforts for growth companies are compensated, even though their remuneration appears as under market value before stock returns realise over time (McGrattan & Prescott, 2005). In turn, celebrity itself can be seen as a kind of capital. Extending field theory in sociology, Driessens (2013: 557) argues that "one of the main advantages of defining celebrity as capital, is namely that it provides a fruitful conceptual framework to analyse the conversion of celebrity into other kinds of capital". In the absence of in-depth analysis, the few notions of celebrity capital form a basis for exploring how the economic worth of celebrity ownership could be counted.

Hunter & Davidsson (2009) compare celebrity capital to reputational capital, a perspective which, for example, studies how credible and responsible a company is

perceived to be. A reader could notice here an analogy with the definition of source credibility, and thus, broaden their horizons for including more stakeholders to whom similar effectiveness as trustworthiness, expertise, and attractiveness is valuable. However, celebrity capital should be understood as the source of value which describes how, e.g. well-knownness and credibility of the celebrity are accumulated and carried in the process (Hunter & Davidsson, 2009). Thus, the perspective also puts weight on the variety of stakeholders that participate in the creation of celebrity capital.

Moreover, because celebrity capital is always tied to a specific person and is therefore rare and non-imitable, it could be argued to form a source of sustainable competitive advantage (see, e.g. Barney, 1991).

Nevertheless, it remains a mystery how much value investors put on celebrity capital. The learnings from celebrity endorsement are encouraging in the sense that researchers have shown the impact of celebrity endorser campaign on both stock returns and sales (e.g. Agrawal & Kamakura, 1995; Elberse & Verleun, 2012). Hunter (2009) points out that smaller companies might not even have enough financial resources to launch expensive celebrity endorsements campaigns which is why they benefit merely from the access to endorsement through an ownership model.

Besides, Hunter & Davidsson (2009) argue that theories on social capital (i.e. what kinds of value is related to social networks) do not purely correspond with celebrity capital. Importantly, celebrity networks form potential social capital as celebrities do not often beforehand know the people who they approach in the name of the company.

Another perspective to celebrity ownership is the size of monetary investments that celebrities make to growth companies. In this thesis, though, it is assumed that there is no significant difference in how much of the growth companies' funds come from celebrities. Instead, it is the combination of celebrity involvement and ownership that makes the phenomenon interesting. Even though analytically, these two perspectives can be treated



differently. Celebrity involvement and ownership together form a basis for a novel research direction beyond celebrity endorsement effectiveness.

So far, the theoretical framework for celebrity involvement and ownership in growth companies has been developed firmly on top of celebrity endorsement literature in marketing and communication research. However, other celebrity research should be reviewed to avoid leaning too much on endorsement theories. Celebrity influence literature provides alternative insights to explore what motivates celebrities and entrepreneurs to collaborate in the first place.

### **2.3. Celebrity influence**

Celebrity is about influencing others by definition. Whether that happens on purpose or chance may vary. There is a lot of media coverage about celebrities affiliated with organisations outside areas where they have (initially) become famous, which tells that celebrities have various reasons for using their influence. For instance, the actor Emma Watson has used her position and social media audience to push for a sustainable fashion industry (McKeown & Shearer, 2019).

Moreover, celebrities can be more reactive, while, e.g. supporting other influential people. Media persona Oprah Winfrey's endorsement to Barack Obama's candidacy (O'Regan, 2014) is an illustration of limited involvement in the project in practical terms. Similar endorsements are often related to political objectives, but they can shed light on what motivates celebrities to cooperate with growth companies, too.

Celebrity institutional entrepreneurship is a term used by social scientists who are looking into questions like how celebrities influence people's behaviour. Hopkinson & Cronin (2015) studied how a celebrity campaign is used to mainstream the communication of dissatisfaction in sustainability issues, for instance. Interestingly, there is more evidence

from campaigns against private companies than about the joint efforts of celebrities and entrepreneurs. An argument here is that while celebrities are used to advocating political issues (O'Regan, 2014), they are less interested in working with the problems directly.

Therefore, it could be argued that celebrities are busy working in areas from where they are known of, and thus, they are seeking to find others sharing the load of their other efforts, such as achieving long-term impact. Compared to large, multinational corporations, growth companies are often seen as more innovative and agile businesses that challenge the norms in the industry. Thus, they could provide celebrities with an alternative way of making an impact. It could prove intriguing for celebrities as politics may be seen as a slower way to achieve change.

Nowadays, celebrity influence is a relatively easy addition to celebrities' lives. Social media enables a forum for immediate communication with a celebrity's audiences. And celebrities do have an impact. McKeown & Shearer (2019) show that Emma Watson's efforts changed how consumers engage and discuss sustainable fashion issues; however, a link to their purchase decisions was not proven. In comparison, celebrity endorsers are known to have an impact on consumers purchase decisions (e.g., Yang, 2018), which challenges where celebrities seem to be most effective in having an influence – in the business world.

At the same time, the rise of social media influencers (Khamis et al., 2017), who are ordinary people with micro-celebrity status, tests the whole concept of celebrity influence. Schouten et al. (2020) claim that influencers might be even more effective in marketing campaigns than traditional celebrity endorsers.

In conclusion, celebrities have different motives for engaging in celebrity campaigns. However, it seems that meaningfulness is essential for the framework in celebrity involvement and ownership, as well. Thus, celebrity influence can enrich research on celebrity involvement and ownership. A connection between social media audiences and

celebrity endorsement emerges as useful for management researchers to explore the phenomenon.

## **2.4. A conceptual model for celebrity involvement and ownership**

As described above, celebrity involvement and ownership in growth companies is not yet understood well in management literature. In this thesis, I will use a combination of celebrity endorsement, celebrity entrepreneurship, and celebrity influence research is used to provide a theoretical framework for the phenomenon. To summarise, celebrity involvement and ownership can be explored by researching three areas related to celebrities and entrepreneurs' collaboration (see Figure 1).

By reversing the order of how previous research was presented in this chapter, I will give next a conceptual model for understanding the drivers, the process, and the value in celebrity involvement and ownership in growth companies.

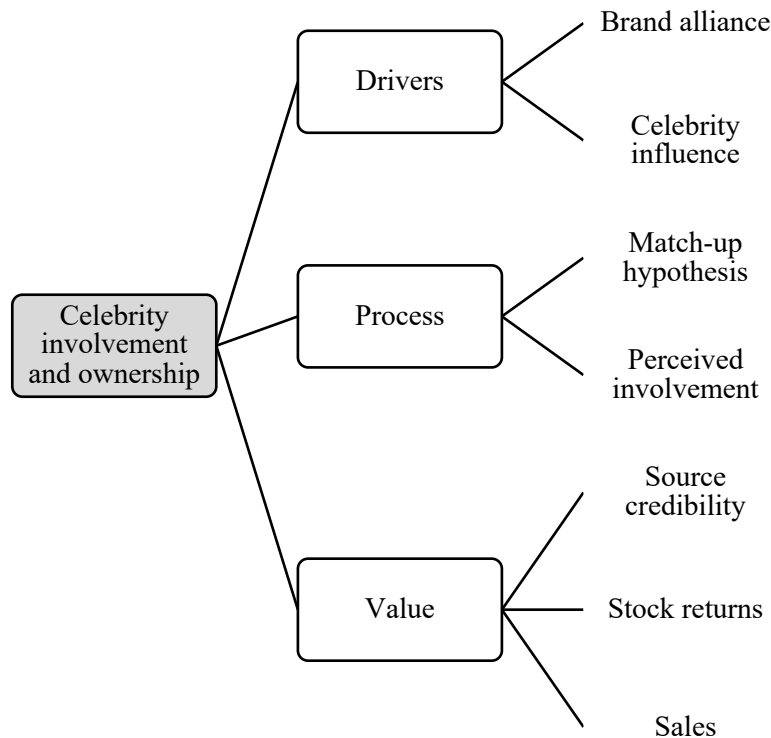
Firstly, celebrities and entrepreneurs have mutual drivers related to branding and influence. The brand alliance is an expansion of meaning transfer theory in celebrity endorsements. Halonen-Knight & Hurmerinta (2010) convincingly present that companies shape what kinds of meanings are being attached to their endorsers – and vice versa. Simultaneously, the celebrity influence is often targeted to non-financial objectives which make celebrity involvement and ownership to stand out from other types of investors and co-founders. McKeown & Shearer (2019) share encouraging results from celebrities' proactive actions in sustainability initiatives. Consequently, celebrities and entrepreneurs are both active parties in celebrity involvement and ownership in terms of creating shared meanings.

Secondly, the process of how celebrities and entrepreneurs establish and develop their relationship could be compared to the match-up hypothesis and the perceived

involvement. For instance, Kamins (1990) show physical attractiveness significance in the brand-endorser fit, and others have followed to explain celebrity endorsement effectiveness based on the match-up of celebrities and companies' outward qualities. Similarly, scholars have found out that consumers might not evaluate the reality of the collaboration. Hunter (2009) claims that the perceived involvement of celebrity is enough to lead to a positive outcome in communication effectiveness. However, there is a lack of understanding of how the match-up of inward qualities, such as celebrities and entrepreneurs' relationship, affect celebrity involvement and ownership.

Thirdly, celebrity involvement and ownership probably has similar value than traditional endorsements. Source credibility (Ohanian, 1990) predicts that celebrities get recognised, and endorsements' correlation with stock returns (Knittel & Stango, 2014), and sales (Elberse & Verleun, 2012) suggest positive valuation from investors and consumers.

*Figure 1 - A conceptual framework for celebrity involvement and ownership*



To conclude, celebrity involvement and ownership in growth companies offers plenty of exciting topics worthy of management research. In the interest of scope, this thesis focuses on analysing celebrities and entrepreneurs' collaboration with the support of earlier research mainly from marketing literature. It is one of the first attempts to create cornerstones for a conceptual model in the phenomenon from an internal perspective with qualitative research methods.

### **3. Methodology**

This thesis aims to understand a relatively new topic in management research. Subsequently, I believe that qualitative research traditions are well-suited for this kind of research purpose. However, in this chapter, I wish to provide a detailed account of the methodology used in this study and answer some concerns about its legitimacy. The point is to make my decisions visible for different stages of the research and make it easier for the reader to evaluate the coherence of my approach and conclusions.

Making decisions visible is a significant element of qualitative research tradition (Eriksson & Kovalainen, 2008). Confident choices help me to take full advantages of the flexibility of qualitative research while also keeping the study coherent (Holloway & Todres, 2003). How to go about research design depends both on how well I understand different alternatives and what I believe will be the best approach for my research purpose. In summary, in this study, I will collect semi-structured interviews from celebrities and entrepreneurs and analyse them thematically to understand what celebrity involvement and ownership in growth companies is about.

In the rest of this chapter, I present different methods used in data collection and analysis. But, before moving forward, I shall also introduce my research design in greater detail. Then, I will make an account of how I negotiated access and collected data. After that, I will describe the underlying assumptions and interpretations in my analysis of the data. Finally, I will provide an evaluation of the quality of this study, from my perspective.

#### **3.1 Research design**

The purpose of this study is to explore different issues experienced by practitioners in celebrity involvement and ownership in growth companies. Thus, my research philosophy leans towards relativist ontology, and I argue that reality builds on people's experiences

about the phenomenon. Consequently, I am taking an active role as a researcher to make interpretations about the experiences (Eriksson & Kovalainen, 2008) for understanding how celebrities and entrepreneurs make sense around my research questions. This thesis could not exist without knowledge being socially constructed in the interaction between individual interviewees, and me as a researcher.

This thesis is an exploratory study which initiated with a broader research idea. I am grateful for two fellow marketing and management scholars, Professor Petri Parvinen and Post-Doctoral Researcher Essi Pöyry, who kindly suggested the first idea of my research topic. Their insights have been developed into a perspective what seems meaningful about celebrity involvement and ownership in growth companies. The strength of exploratory research is that it allows flexibility in the formulation of the research design, according to, e.g. Saunders et al. (2009).

There are concerns related to qualitative research. Compared to other research philosophies, especially those that are stricter about scientific generalisations, such as the realist approach (Eriksson & Kovalainen, 2008), doing qualitative research can be seen as too loose. Thus, aiming for generalisations outside the scope of the study should seldom be an objective in qualitative research tradition. However, I argue that a research purpose of understanding an understudied topic is more realistically achieved with a flexible design (Silverman, 2011) than it would be by deducting a complex phenomenon into formulas and models.

This research should not be seen as an attempt to generalise or test any of the issues connected to celebrity involvement and ownership. In general, qualitative research fits poorly in the sort of world view that tries to deduct reality into single digits (Silverman, 2011). To understand the phenomenon, scholars need to dig deeper into the unknown, where meaning is produced between celebrities, entrepreneurs, media, investors, employees, and importantly, consumers. Rather than creating generalisations, this thesis

aims to generate a basis for understanding what celebrity involvement and ownership in growth companies.

In more practical terms, my research process could be described as iterative. From the initial ideation meeting to the written report, there have been multiple stages of designing and redesigning – with also the help of other people – what questions are asked and what are interesting points of analysis. Respectively, the notion highlights the importance of acknowledging myself having an active role in constructing the present study. The final written form is only one version of the research – and a result of continuous development.

I follow the abductive logic in my reasoning. While empirical data from the interviews inform me about different routes that could be interesting, existing research complements this by viewing what should be interesting. Eriksson & Kovalainen (2008) explain that generally, abduction is connected to explorative analyses where new connections and ideas are searched by leveraging both deduction and induction. For instance, a critical review of literature elaborates initial impressions of the research purpose (Saunders et al., 2009), and help scholars to identify the most interesting research questions.

To summarise, this thesis is designed around the idea of phenomenology. Holloway & Todres (2003) argue that qualitative researchers need to be consistent in the approach that they take, including the research purpose, research questions, data collection, and data analysis. The good thing about phenomenology is that it does not require much experience about the nuances of doing qualitative research. Compared to, for instance, a structured format of grounded theory, phenomenology and thematic analysis are more approachable to novice researchers (Braun & Clarke, 2006), such as me.

Moving forward, I will introduce chosen methods in data collection and data analysis. Unsurprisingly, the coherence between the research design and the methods is crucial for qualitative research (Holloway & Todres, 2003). Fortunately, semi-structured interviews and thematic analysis match nicely with the process which was outlined above.



### 3.2 Data collection methods

In this thesis, ten celebrities and entrepreneurs were interviewed with a semi-structured approach. I conducted eight of these interviews personally, and two of them were kindly undertaken by Professor Petri Parvinen and Post-Doctoral Researcher Essi Pöyry following an interview outline which I provided, and which was used in all other interviews, too. Access to celebrities and entrepreneurs was negotiated by approaching them directly as well as using existing networks.

Interviewees were all celebrities and entrepreneurs who had a direct connection to cooperation in their entrepreneurial venture. They represented themselves primarily in individual cases, but also both sides were covered in some examples. Most celebrities were both cofounders and investors and were affiliated with more than one growth company at the time of the interview. Interviews were held during Summer 2019 and Spring 2020. A list of interviewees is provided below (Table 1).

*Table 1 - A summary of interviewees*

<b>Anonymous ID</b>	<b>Celebrity Type</b>	<b>Interviewer</b>
Celebrity 1	Cofounder & Investor	Joona Orpana
Celebrity 2	Cofounder & Investor	Joona Orpana
Celebrity 3	Cofounder & Investor	Joona Orpana
Celebrity 4	Cofounder	Joona Orpana
Entrepreneur 1	Investor	Petri Parvinen
Entrepreneur 2	Cofounder & Investor	Essi Pöyry
Entrepreneur 3	Cofounder & Investor	Joona Orpana
Entrepreneur 4	Investor	Joona Orpana
Entrepreneur 5	Investor	Joona Orpana
Entrepreneur 6	Cofounder & Investor	Joona Orpana

The interviews followed loosely a set of thematic questions found in Appendix 1. In practice, I created the first draft of potentially interesting themes before the first interview. After that, these questions stayed more or less the same, taking into account some details that were publicly available related to that specific case about celebrity involvement and ownership.

Access to interviewees was negotiated by reaching them by email and in social media, or by leveraging existing connections. Interestingly, this is a similar process that entrepreneurs use to connect with potential celebrity owners. In total, over twenty potential interviewees were contacted, out of whom ten interviews were conducted. Table 1 summarises that celebrities had various backgrounds and inconsistent connections with each other. This is also considered in the limitations of this study.

Moreover, an essential part of getting access to celebrities and entrepreneurs was to grant them anonymity in the results and written report. Thus, their identity protected by hiding their names, gender, company details or connections to each other. I have verbal consent from all interviewees to use their quotes freely when anonymised.

Methodically speaking, conducting interviews are often treated too lightly (Eriksson & Kovalainen, 2008). They are a time consuming and intense form of inquiry. Nevertheless, semi-structured and in-depth interviews are handy tools for exploring new topics (Saunders et al., 2009), even though, they take some expertise and social skills to conduct. A well-designed interview avoids leading and open-ended questions and leaves room for discussion outside themes that had come to a researcher's mind. Indeed, starting researchers early in this study, helped me to find new directions for my research, which would probably otherwise come to my mind. I consider interviewing as a social practice.

Gubrium et al. (2012) describe interviewing as contextual interaction between individuals which, at its best, takes a form close to everyday conversations that we have with friends.

The most significant difference is that interviewing has a goal: to create data about topics that interviewees are talking about. In that sense, I believe that interviews with celebrities and entrepreneurs were an excellent way to approach the problem because it created common ground. The interview was a joint effort to understand real-life experiences more structurally – without deciding on the structure upfront.

It would be impossible to determine how many interviews are a perfect amount for particular research. At some point, though, the ideas from interviews seem to converge into similar themes. I acknowledged that after conducting around six interviews, I could pretty much “guess” what the following participants would say. It is also a notion of the social constructivist nature of qualitative research – it is hard to keep the accumulating knowledge from interfering your data collection.

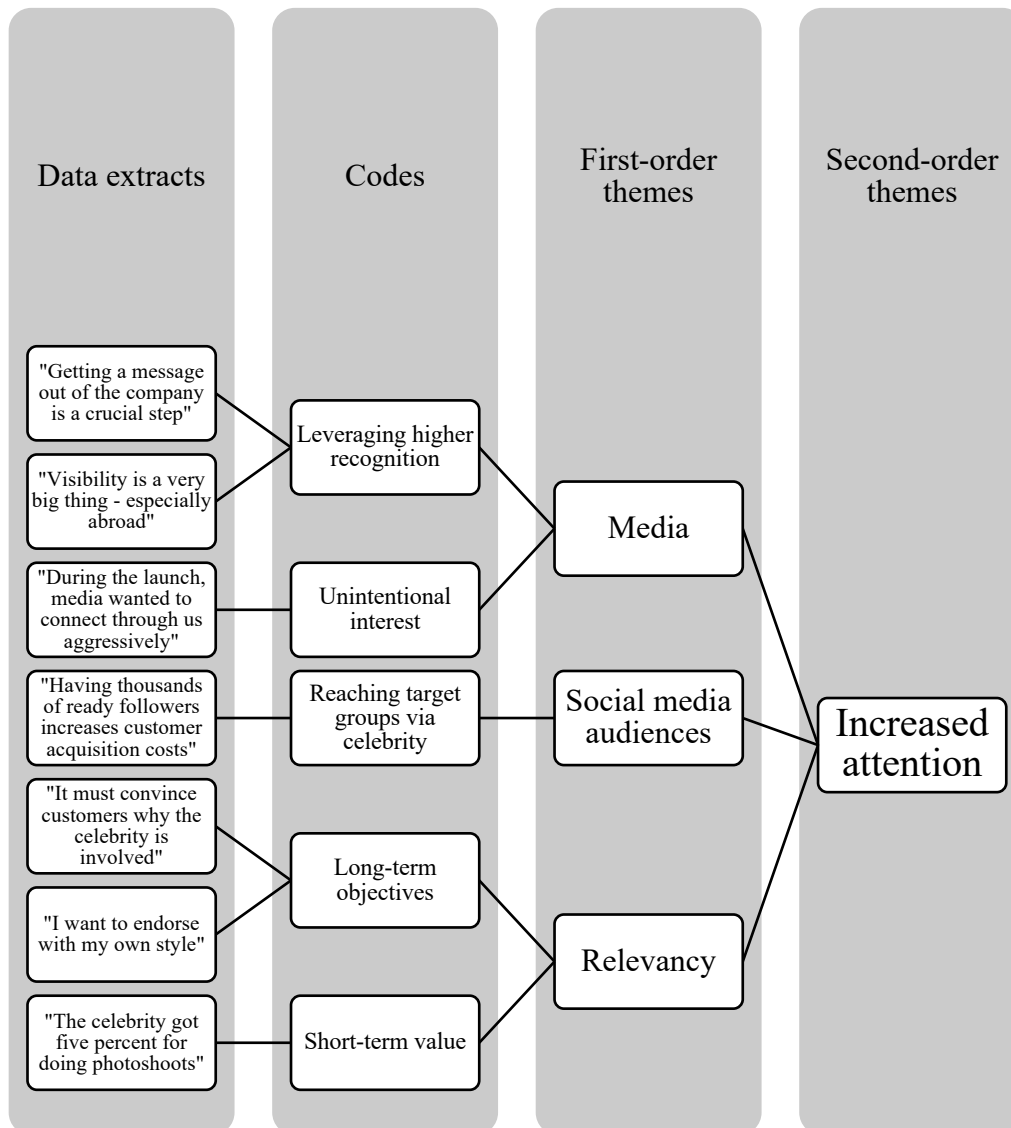
### **3.3. Thematic analysis**

Thematic analysis is a useful method for novice qualitative researches. While Braun & Clarke (2006) provide a six-step guide to conduct thematic analysis, there are lots of freedom in how to go about it. Next, I want to give an overview of the different stages in my analysis. Additionally, decisions related to the breadth of analysis will be discussed.

A first step is to transcribe interviews and code them with initial ideas that seem interesting. According to Lapadat & Lindsey (1999), transcribing is a useful tool for getting to know your data. I agree that it helps to do it yourself, as that way it is easier to identify patterns from early on. Coding is another essential way to realise which themes start emerging from connections to each other. Following the model of Braun & Clarke (2006), I was pedantic in listing over two hundred individual codes first, before starting to merge them into initial themes. Looking back, some themes have changed a lot or are missing from the final findings. Thematic analysis is iterative by nature.

The following step was to aggregate codes into descriptive themes. To make themes analytically distinctive, I adapted Gioia et al.'s. (2013) model to analyse first-order and second-order themes (Figure 2). In brief, data extracts are connected to codes which are my interpretations of different wordings that celebrities and entrepreneurs use for same issues. These codes were then group under first-order themes. The list of first-order themes was used as a thematic map to understand which findings seem to answer initial research purpose and questions.

*Figure 2 - An example of thematic analysis (adapted from Gioia et al., 2013)*



Crucially, it should be remembered that themes are renamed and regrouped, as well as research questions are refocused in the iterative process of the research (Eriksson & Kovalainen, 2008). Finally, second-order themes converge thematic connections to meaningful answers to updated research questions. Based on the second-order, a holistic interpretation of the phenomenon starts to emerge, which I then present compellingly as a researcher. Due to multiple iterations, thematic analysis is time-consuming.

Braun & Clarke (2006) argue that researchers are often too vague about the objectives of thematic analysis (and other forms of qualitative analysis). As my research purpose is to understand a new phenomenon, I have attempted to produce a semantic picture of how different aspects affect it. I believe that a detailed description of the breadth of different themes can capture key findings better, in this thesis. Moreover, this approach fits well with abduction as my interpretations from themes guide a lot the knowledge production.

However, some scholars could argue that a detailed description of the data is not best aligned with constructivist research philosophy, as it leaves out many more profound interpretations about what is beyond what interviewees are saying (Braun & Clarke, 2006). I am not concerned about this fact because I know that it takes many iterations to grasp even a few implications from the overall picture. In that sense, key findings of this thesis are products of creative processes.

### **3.4. Evaluation of the study**

Such as consumers evaluate celebrity involvement and ownership, readers should assess this study. A standard criterion for analysing the trustworthiness of qualitative research is Lincoln & Guba's (1985; as cited in Eriksson & Kovalainen, 2008) list of credibility, transferability, dependability, and conformability. The four are often seen as qualities of trustworthy research in constructivist philosophy.

I would argue that this thesis fulfils the criteria well. After several rounds of interpretation, I am convinced that there is enough data to make my claims about celebrity involvement and ownership in growth companies credible at the semantic level. I believe that other researchers could come close to my interpretations. Indeed, some triangulation of was present in conducting and transcribing interviews with two other researchers (Eriksson & Kovalainen, 2008). Similar validation of my interpretations was done in a couple of discussion about my early coding and initial themes. There are no indicators that other scholars could not make logical conclusions between my materials and interpretations, which increases conformability of this thesis (Lincoln & Guba, 1985; as cited in Eriksson & Kovalainen, 2008).

I also argue that this thesis is not too much depending on me, as a researcher, and ideas can be transferred to other research on the topic. My research has been documented punctually using digital tools. Iterations can be traced in the version history, making it possible to revisit how interpretations have developed throughout the process (Eriksson & Kovalainen, 2008). At the same time, I have made explicit connections to previous theories, increasing the validity of interpretations by using different framing alternatives. Subsequently, the interviewed celebrities and entrepreneurs do not come from on particular background, which increases variety in their experiences.

However, I believe that a common criterion for evaluating qualitative research can be questioned. In the end, what makes qualitative researchers stand out is how well they make their research process and different assumption transparent. For instance, acknowledging that there is an inherent bias in how potential interviewees were selected for this thesis is a way to increase openness. Choosing celebrities and entrepreneurs based on how well they represent ideals that I see essential in celebrity involvement and ownership has been one bias that I had for this study. Instead, I could have paid more attention to defining celebrity more inclusively to increase diversity in the study.

Other ethical considerations are related to data representation. All interviewees gave me written consent to conduct their interviews and verbal permission to use their experiences anonymously. Informed consent is a crucial ethical consideration in qualitative studies, as informants are often exposed to sensitive topics which could harm their position outside the research. Additionally, in constructivist research, there is the risk that researchers make interpretations which shed informants in worse light (Gubrium et al., 2012). Thus, Eriksson & Kovalainen (2008) remind that protecting participants of the study is an important responsibility of a researcher. I believe in having followed this guideline.

In conclusion, this thesis has been an iterative process following the qualitative research tradition. Ten interviews were conducted and analysed thematically. The findings are my interpretation of the phenomenon. Still, they have been supported with the use of different empiric sources, a variety of linked theories, multiple rounds of iterations, and some comments from other marketing and management scholars. I believe that the findings and conclusions are trustworthy, although they should not be seen as a scientific generalisation. The following chapters elaborate my ideas of the conceptual framework, which was already presented in chapter 2.

## 4. Findings

This thesis aims to understand what makes celebrities and entrepreneurs to collaborate in entrepreneurial ventures. Different sides to the problem are drivers for the collaboration, elements of successful cooperation, and the value out of the partnership. In this chapter, I will present these three areas which I think are essential in understanding celebrity involvement and ownership in growth companies.

Firstly, celebrities and entrepreneurs have common drivers for engaging in the involvement and ownership type of collaboration. Celebrities look for projects worthy of their influence, and entrepreneurs can provide them with exciting ones. I argue that celebrities and entrepreneurs have high chances to find common ground from stories that they are trying to tell the world about themselves and in their companies. Growth companies appear as a sort of middle ground between ‘doing business’ and ‘doing good’ where the story of the company ties together objectives that celebrities and entrepreneurs want to achieve.

Secondly, a functioning relationship is fundamental in celebrity involvement and ownership. Typically, growth companies have smaller teams, and thus, founders need to be comfortable with the celebrities they involve in their business. There is no one solution to determine what could be a successful way to go about cooperation in practice. Instead, celebrities and entrepreneurs have found different roles for the celebrity in the company, primarily in marketing, opening doors, and advisory. A success story is likely to be based on a mutual agreement of expected efforts. Additionally, I will argue that the proactiveness of the entrepreneur is a critical element for the success of the cooperation.

Thirdly, celebrity involvement and ownership is valuable for growth companies because celebrities draw attention to the company. Media and social media audiences seem to treat their affiliation in growth companies more favourably than traditional endorsements.



However, the consequences can be both positive and negative. On the one hand, celebrities increase the credibility of the company for various stakeholders. On the other hand, the involvement strengthens the perceived importance of the celebrity for the company. Moreover, celebrities can open doors which entrepreneurs cannot, just because they are well-known. I argue that celebrities change significantly how the company is recognised.

To summarise, I believe that celebrity involvement and ownership is best described by categorising it into three areas: 1) the converging stories of celebrities and entrepreneurs, 2) the development of a natural relationship between celebrities and entrepreneurs, and 3) the increased attention from various stakeholders to the company. Next, I will dive deeper into my interpretation by providing supporting illustrations from the interviews.

#### **4.1. Converging stories of celebrities and entrepreneurs**

Celebrities and entrepreneurs engage in collaboration, ultimately, for the same reasons. Both sides are driven by achieving change or building a status. The difference is that celebrities are more focused on their personal story, whereas entrepreneurs set their expectations to their company. In the first stages of celebrity involvement and ownership, these perspectives seem to converge in the same direction. Therefore, I will claim that celebrities and entrepreneurs find each other because of drivers related to what they wish to tell the world about a mutually exciting topic – a joint story.

Celebrities and entrepreneurs are interested in various topics, including, but not limited to, achieving long-term impact, building an image, or, simply, getting a good feeling. In brief, both celebrities and entrepreneurs seem to be acting based on issues that they value. The joint story is a beginning for the collaboration. Entrepreneurs need additional resources for the company, while celebrities can use their influence in multiple projects. The converging stories unite objectives that celebrities and entrepreneurs would be likely

pursuing in one way or another. I argue that once a common ground for what is trying to be achieved is found, then there is a sound basis for celebrity involvement and ownership in growth companies.

### **Achieving long-term impact**

Celebrities have a choice of what to do with their money and influence. So, why would they be interested in growth companies in the first place? One answer is that entrepreneurs solve significant problems in a way that intrigues celebrities. Getting things done is often an attitude that successful people share. Rather than engaging in initiatives, growth companies could offer an exciting alternative for making an impact. The collaboration converges stories that celebrities and entrepreneurs are presenting.

*The last thing I am interested in is [what the company is producing]. But as I found out how ambitious these entrepreneurs were about climate issues... then the deal started to make sense. (Celebrity 3)*

As one of the celebrities explicitly mentions, getting involved in the kind of business did not interest them at all – but standing for a specific purpose is totally another thing. A critical issue for celebrities is a sense of purpose. The alignment of stories that celebrities and entrepreneurs are telling could be related to the long-term impact that they are both trying to achieve. It makes sense to align their efforts by collaborating in growth companies. Compared to other investors, celebrities are more likely to assess their investment through impact-driven lenses. They are far less interested in financial data or key performance indicators than they are in their personal stories. Thus, it is understandable that celebrities critically evaluate what the company is trying to achieve and whether they want to accomplish the same objectives.

*Only work on projects that make your heart to say yes. Do not force yourself... do not get involved in a company just to be a shareholder... Think*

*about your genuine interest and focus. And, of course, you have to be business-wise, too. (Celebrity 4)*

Typically, celebrities express that they want to invest in projects to which they are ready to commit long-term. Engagement means that the celebrity has decided to dedicate at least some of their in the company. Ownership enhances the sense of commitment which could set growth companies apart from other kinds of impact initiatives. Having your money in the game is a powerful driver.

*I am only interested in projects which resonate with what I believe in. [...] And if I am interested in the company, then I would probably try to invest in it because that is the best way to commit myself. (Celebrity 3)*

Celebrity ownership is not philanthropy. It would be too naïve to say that celebrities are not looking for financial gains from entrepreneurial ventures. However, rather than maximising profits, celebrities often push for other aims. Involvement and ownership in growth companies could help to leverage other initiatives related to the same story.

*I use entrepreneurial ventures to challenge the business world to operate more sustainably. I am trying to prove to them that in some cases, sustainable actions – even if they increase costs – can generate a very lucrative business. (Celebrity 3)*

The collaboration might begin from a celebrity's initiative. It is more common, though, that entrepreneurs sell their company to potential celebrities. Highlighting the purpose of their mission and trying to identify alignment to the celebrity's story is an excellent strategy to establish a joint story. Entrepreneurs who I interviewed show that they understand how important the fit between celebrity and company images is. One of the entrepreneurs explains that it would be too risky to start the collaboration if there are no

natural drivers why a celebrity is being involved as an owner. It boils down to the celebrities and entrepreneurs' values – and how well they converge.

*Think about your values. Think about why we are doing this together. If they match, then the foundations of success are in place. But if they do not, then I would keep looking [for other celebrities].* (Entrepreneur 3)

Making an impact builds a strong and quite a sustainable foundation for collaboration between celebrities and entrepreneurs. Growth companies can be seen as tools of 'doing good'. However, growth companies must operate in a financially sustainable manner to reach their objectives. Thus, 'doing business' is an integral part of the story, as well. One perspective about converging stories is on this side of the collaboration.

### **Building an image**

A bottom line for celebrity involvement and ownership is to achieve something valuable. Financial incentives might not be enough because there are other, more natural ways for celebrities to make money. Having a stake in building a new brand, on the one hand, is something that celebrities cannot just get anywhere. On the other hand, creating an entrepreneurial image might be equally appealing to celebrities. Early-stage consumer brands offer a perfect companion for storytelling and building images.

*I believe they had two reasons to join... hard to say which one was more important. First, the financial incentive that they can make money out of it. Second, we are a Finnish product with a story they believe in – and they want to help us to succeed in the early phases.* (Entrepreneur 5)

Interestingly, celebrities themselves value brands related to their involvement and ownership much more positively than traditional endorsements. Some celebrities explicitly mention that it is more natural to talk about their own companies in social

media, for instance. Celebrity endorsement is an invaluable part of celebrity involvement and ownership for growth companies, and the most apparent drivers are marketing and branding related objectives. Growth companies might sometimes find it difficult to appeal to celebrities even when the collaboration seems like a perfect. It is not enough to have fitting images, but a converging story requires the right incentives.

*Unfortunately, many companies still think they can give me a pair of jeans in exchange for an advertisement. They do not realise that I am in business as much as they are. It is not impressive at all – but it is an issue I have to talk about all the time. (Celebrity 4)*

Credibility is vital beyond marketing and branding, especially when the company is building its position in the value chain. Celebrity can work as a source of validation for potential employees, vendors and new investors. Their trustworthiness, expertise and attractiveness can be leveraged to these groups similarly than to consumers. Interestingly, it is the perception of their involvement that plays a role here. Thus, it can be argued that celebrities do not have to be active in the company.

*We were thinking... our next investors could also be angel investors who value [the celebrity's] presence. We had an idea of raising crowdfunding. The realisation was that if we get to use [the celebrity] as a face of the campaign, it would be easier to raise funding because it might be a deal maker for other investors. (Entrepreneur 2)*

There are reasons why celebrities should be used more actively for the benefit of the company. For instance, the celebrity can help to communicate the intended value proposition to an audience. Celebrities and entrepreneurs should critically evaluate the fit of their images. Sometimes, celebrity involvement and ownership can also be negative, i.e. too much of the celebrity affiliation can be harmful to the company. For example, if a service might appear to be designed for celebrities only, pushing away from regular

customers. The fit of the company's and celebrity's images are essential for collaboration's success. When proactively building an image, a mismatch could lead to a miscommunication of the value proposition.

*We started to expand [the service] by asking my celebrity friends to use the service and lure in more users. What we got was the opposite effect. There appeared to be only models and actors in the platform, and no ordinary people dared to join. We even got messages from people about why they should be accepted. (Celebrity 2)*

Going forward, we have to remember that celebrities are working as celebrities most of the time. They do not become regular entrepreneurs via celebrity involvement and ownership. Nevertheless, entrepreneurial meaning starts to transfer to them, as well. Celebrities can purposefully build a status as an entrepreneur along with their other story. In that sense, the joint story should be understood as a two-way road towards celebrities and entrepreneurs becoming more and more converged about meanings attached to them.

*I have built my entrepreneurial image for ten years now... I have given interviews to all entrepreneur and business magazines. If you look for those Finnish celebrities who have any kind of own businesses – it will be me who pops among the first ones. (Celebrity 2)*

The converging stories open new opportunities in terms of brand building. Some celebrities are rather strategic about building an entrepreneurial image for the future. They might seek for broadening horizons and business opportunities beyond their regular chances. For others, being an entrepreneur has been more of a coincidence. Well-known people hang out with other ambitious people, and it is likely that at one point or another, someone suggests an idea related to entrepreneurial ventures. Whether planned or unplanned, celebrities becoming entrepreneurial is a by-product of celebrity involvement and ownership in growth companies. Leveraging the accumulating entrepreneurial image

of the celebrity may be beneficial for both celebrities and entrepreneurs and safeguarding both images is becoming crucial in a joint story.

*In doing business, there is the negative side that sometimes the service just fails for a reason. I realised that I am partially responsible for tens of thousands of customers who I have advertised to, though, I had nothing to do with the mistake. (Celebrity 2)*

Thus far, I have considered making an impact and building an image to be primary drivers for celebrities and entrepreneurs' collaboration. These two areas rely on the notion of converging stories related to what kinds of objectives celebrities and entrepreneurs have for their ventures. However, celebrity involvement and ownership can also be a result of much simpler motivations. Getting a good feeling out of doing something good for others can work as another storyline for celebrities and entrepreneurs. Not all businesses are initially based on changing the whole world but have more down-to-earth aims.

### **Getting a good feeling**

Getting a kick out of doing something right is a powerful motivator for celebrities and entrepreneurs alike. Entrepreneurs should not underestimate how a positive feeling can impact the setup of celebrity involvement and ownership. Similarly, being a coach for a celebrity on how to get things done in an entrepreneurial fashion is a way to increase a good feeling from the cooperation. Whether celebrity involvement and ownership is something on the side or a new primary focus for the celebrity, these drivers deserve a closer look.

*I am interested in the ownership... I am primarily interested in being involved. I have strict guidelines not to go here and there... I want to build services and products which I would use myself. (Celebrity 4)*

Being able to participate in new and neat projects is a part of the lifestyle of celebrities. Thus, they could see celebrity involvement and ownership in growth companies as one more way to approach cool people – and maybe make others happy in the process. Entrepreneurs should realise that celebrities (or their managers) go through hundreds or thousands of offers for collaboration. A poorly designed proposal fails to converge what is in it for the celebrity. The best stories converge on the feeling level of celebrities.

*The company had an investment round going on, and I decided to join as an investor. I believe it has been financially a sound decision. But really, it was a feeling-based investment for me. I thought that they had so many connections to the issues that I see meaningful – it was a good match.*  
(Celebrity 3)

On a critical note, wrongful motives might emerge in the pursuit of cool projects. Being interest in celebrity involvement and ownership does not guarantee that the celebrity wants to be there in the long run. Getting a good feeling out of it is fundamentally a short-term strategy which could lure wrong kinds of celebrities to work with entrepreneurs. Thus, it takes criticism to evaluate what ties celebrities and entrepreneurs together in each case – is there a joint story behind the surface.

*There are many kinds of celebrities. Should someone be influential or well-known, it does not mean that they are a good person or that they do good things.* (Celebrity 1)

That being said, it is better to assume that celebrities have positive drivers for celebrity involvement and ownership. A good sign would be that they do not have a rush. The good feeling is mostly associated additional to what the celebrity does primarily. Feeling-based decisions are a way to protect celebrities and entrepreneurs from expecting very different outcomes from the partnership.



In conclusion, the converging stories of celebrities and entrepreneurs bring them together for celebrity involvement and ownership in growth companies. There are at least three kinds of drivers for the collaboration. Firstly, celebrities and entrepreneurs are pursuing a chance in a variety of issues. Secondly, cooperation provides an effective way to build better images for the company as well as the celebrity. Finally, getting a good feeling out of it is an essential factor for a joint story to become attractive in the short-term.

Moving forward, there is a fine line between doing business and doing good that enables interesting stories between celebrities and entrepreneurs. However, it is equally important that celebrities and entrepreneurs develop a natural relationship for cooperation. Despite how good the match of stories is, celebrity involvement and ownership in growth companies can only be successful if celebrities and entrepreneurs come well along.

#### **4.2. Development of a natural relationship**

The ways of celebrity involvement and ownership vary in practice. At all levels of engagement, though, the collaboration requires conscious efforts from both sides. On the one hand, preparations are needed when approaching celebrities and making sure they fit the company. On the other hand, continuous development of the celebrity's role is crucial for making the most out of the partnership. The responsibility to plan ahead remains with the entrepreneur. I argue that it is beneficial to have an outline of the objectives of the collaboration.

Here, I will present how entrepreneurs take different aspects into account when involving a celebrity in their company. At the same time, celebrities' ideas on a great collaboration offer valuable insights to celebrity involvement and ownership as a relationship. Interviewees claim that sharing ways of being is an underlying success factor, although it is not always necessary. Instead, expectations for roles and objectives should be mutually agreed on for establishing cornerstones of fruitful cooperation. I believe that the fit of

images should be expanded to consider what happens in celebrities and entrepreneurs' relationship.

### **Sharing ways of being**

The people side of celebrity involvement and ownership is easily overlooked. Interviewing celebrities and entrepreneurs allows a more holistic look at the phenomenon. Both sides seem to value the relationship a lot. Sharing ways of being and working are fundamental to a successful relationship; however, there could be strategies to overcome this. In some cases where partnership does not have long-term objectives, a good fit of personalities could be less critical. Nevertheless, my argument here is that being aware of how well celebrities and entrepreneurs get along is essential in smaller teams that growth companies have by default.

*When we recruit key persons, we look at their motives. [...] It is imperative to us that we play for the team. I agree that it would be nice to work along with Cristiano Ronaldo, but it is even more important to work for the team.*

(Entrepreneur 6)

As the founder's vision usually drives growth companies, the fit between company culture and celebrity becomes important. Entrepreneurial ventures are typically agile and innovative organisations where everyone is expected to work towards a common goal. Celebrities' world view could be more individualistic – they could be used to getting what they need from the team to be able to focus on their specific role. But the issue is more significant than celebrity because entrepreneurs need to make sure that key people can live under the circumstances of celebrity involvement and ownership.

*Maybe one reason why [the celebrity] is our shareholder is that... it is not enough to be well-known. For us, the chemistry and the views about the*

*world must be aligned – it is essential for the whole company that we are going in the same direction. (Entrepreneur 4)*

Celebrities in entrepreneurial ventures are easily glorified. The perceived importance of the celebrity's role might be overestimated, which could irritate entrepreneurs and cast suspicion. Similarly, celebrities raise worries about enthusiastic entrepreneurs who might damage their public image. For instance, it might not come to entrepreneurs' mind that celebrities' image will most likely overshadow them. Overcoming these kinds of prejudices is a first step in making the relationship work. It is beneficial to establish realistic expectations for both parties.

*There was one great product, but the entrepreneur who had founded the company wanted to stay as the face of the company... and the brand was built around their identity. They wanted me on board, but I did not know what I could do for them – they did not want to step down from the spotlight, and I did not know how else I could help the company. (Celebrity 4)*

Entrepreneurs rarely know celebrities they want to work with directly. In a small society, entrepreneurs seem to have their ways of finding secondary connections to the right people. Usually, stories include some sort of a friend of a friend. The same persons are often mentioned by another interviewee, as well. It gives an idea of how small the circle, at least in Finland, can be. While celebrity involvement might appear as a strategic move, there are often random events behind it. It seems that many entrepreneurs have rather opportunistic views about finding suitable celebrities. In any case, the seek requires conscious efforts by reaching out and building relationships with potential celebrities.

*I remembered that my former employee is married to [a celebrity], and I reached out to ask for their spouse's contact details. I described them our service, and that [the celebrity] could have a lot to give for the company. (Entrepreneur 1)*

Celebrities and entrepreneurs come from different backgrounds. Separately we could see them as problem solvers and influencers, or innovators and spokespersons. Entrepreneurs should be active to try and understand what motivates celebrities deep down. They are people with excess resources but too little time to pursue entrepreneurship on their own. Moreover, they might be very passionate about what they do but lack the necessary skills of running a business successfully. Or, they might not have the smallest of interest to participate in the company. After all, the relationship matters less if long as celebrities and entrepreneurs establish a common ground for their objectives.

*I wanted the celebrity to join as a shareholder [for a specific reason]. I had realised that they were not very responsive to anything during negotiations either. Thus, I had second doubts and was about to give up. But then I realised a perfect role for them. (Entrepreneur 2)*

An alternative way to engage in celebrity involvement and ownership is to get to know celebrities in other kinds of collaborations over time. A longer relationship comes with additional benefits because developing there is more time to establish the relationship.

*As [celebrity's] interest in ownership first popped up, we had to pause to discuss it with other founders. We wanted to have some time to get to know the celebrity better and not rush into a deal right away. It is vital to us that the collaboration works. (Entrepreneur 4)*

Surprisingly, most interviewees thought that they have been fortunate with matching up celebrities and entrepreneurs. In my opinion, it indicates that there are other factors in the relationship that is, at least, equally as important. The sharing ways of being goes beyond having similarities in the style of working. Of course, it is usually the case that entrepreneurs want to approach celebrities who share values with them, but they can also be more opportunistic. Managing expectations and finding a suitable role for the celebrity

to make celebrity involvement and ownership plausible to succeed even when there is no apparent fit between the people.

### **Finding a suitable role**

Celebrity involvement and ownership finally comes down to the role of the celebrity. Interviewees talk about a variety of roles that celebrities have taken in the companies. A celebrity might appear as a regular investor, or they could work as a co-founder. Defining the role is thought to be one of the key factors for successful cooperation. One way to balance different roles is remuneration, i.e. what is the valuation of celebrity involvement and ownership in active and passive roles.

*[A celebrity] got five per cent of the company without paying anything and agreed to participate in shootouts and endorse the company in social media. A basic brand ambassador type of a role. (Entrepreneur 2)*

Marketing is a natural domain for most celebrities. Some may require that their role includes nothing else than marketing and that the entrepreneur should take care of the rest. For instance, a co-founding celebrity states that they need someone to run the business for them. Respectively, celebrities do often have expectations that entrepreneurs take responsibility for operations, even if their own role includes hands-on tasks such as using their expertise in business development. Brand building-related objectives are generally aligned with celebrities' marketing roles. But there are also other significant strategic forums that celebrities could be an essential part of.

*These people have a significant role in our board of directors when we also fix an expected usage of time for them. Additionally, there is the advisory board from whom the commitment to help when needed is beneficial from those influential people. (Celebrity 1)*

Celebrities' roles could be less active, too. Some do not want to be involved in any particular way. Their involvement in the company might not hold much meaning for them. Still, they acknowledge that their public status and affiliation with the company may bring positive opportunities in front of them. Consequently, busy celebrities could leverage quickly evolving situations also more reactively. The ambiguity of the role allows the celebrity to have more freedom in ways that they help. Loose obligations might fit better when an entrepreneur does not have clear expectations about the relationship either.

*My roles are primarily passive. I am not investing in the company to be involved in their daily operations. But now and then we have a call to discuss different ideas... what kinds of ideas I have for marketing or just in general. In most companies, my roles are ambiguous to myself, too.*  
(Celebrity 3)

Even if entrepreneurs would like to manage celebrity involvement and ownership precisely, there is inherent ambiguity and uncertainty related to the phenomenon. In practice, celebrity involvement and ownership has a connection to celebrities' public status. Unfortunately, there are no guarantees that having a celebrity on board will lead to possible outcomes in planned ways. Thus, developing the relations in terms of the role's flexibility could, arguably, be a more sustainable way to leverage the affiliation.

*Well... we do have some expectations, but we have not made any binding contracts with [the celebrities]... nor we can do that. Yeah, we did express our hopes in the beginning – and asked what value they think they can bring to the company. They mentioned providing contacts and sending the product to their influential friends.* (Entrepreneur 5)

Entrepreneurs should take responsibility for developing the relationship because they usually initiate collaboration. Failing to determine which role celebrity will take, could

potentially lead to conflict between celebrities and entrepreneurs. In one case where the entrepreneur was unable to decide what will be the role of the celebrity, the collaboration went off the tracks soon. Having some kind of an idea of what the objectives for celebrity involvement and ownership are is crucial for a successful partnership. It will take conscious efforts to develop celebrity involvement and ownership in practice.

Another perspective to celebrities' roles is to approach what they do at their best – connect with unknown people. Opening doors is never easy for a growth company, especially when entrepreneurs have to go out of their comfort zones. Strategic use of celebrities' networks, audiences, and the ability to open doors is an essential element of the relationship.

### **Opening doors via celebrity networks**

A feature about celebrity is that nearly everyone knows you. On top of that, celebrities know lots of influential people themselves. Therefore, celebrities and entrepreneurs' relationship has a high potential for connecting a growth company to stakeholders that were previously unreachable. It is often the case that a celebrity does not have to know the person they reach out to, but thanks to being well-known, they are still able to open doors. It seems that entrepreneurs are eager to leverage this capability to the fullest.

*Leveraging the celebrity's networks is what we try to get out of them. Anyone they know... potential retailers, significant players in the industry... any relevant connections. Being reference [by a celebrity] is very different from contacting people directly. (Entrepreneur 2)*

Opening doors is a typical advantage of celebrity. Celebrities themselves are well aware of this, but entrepreneurs might not even know how celebrity networks work. They need to be careful about expectations related to specific connections because celebrities might appear much closer to people than they de facto are. For new ventures, having direct

access to relevant stakeholders could open new opportunities, and thus, staying open about who entrepreneurs seek to connect with, increases trust in the relationship. Celebrities may open doors through existing networks or by creating new connections to people who try to meet them. Influential people often have the upper hand over entrepreneurs which celebrities could balance.

*We can use their connections to influential people [in the marketplace]. Should they know anyone from the management... the founder... or so on. They can connect to these people and help to establish a new distribution channel, for example. (Entrepreneur 5)*

Another way to use celebrity networks is to leverage their work directly. Usually, celebrities work in domains where they gain goodwill. In growth companies, they can use goodwill to advance other objectives. Surprisingly, celebrities do not seem to be worried about mixing interests between their other work and celebrity involvement and ownership. On the contrary, celebrities are open about using their benefit for the benefit of the company. Arguably, celebrities and entrepreneurs need to have a strong sense of trust in the relationship. Leveraging their work directly, by talking about their businesses in radio or tv shows, for instance, celebrities can create a sustainable competitive advantage for the company, which is rare and hard to imitate.

*Since I work for a big media house, I have benefits for my own projects. Of course, I know all the salespeople personally and we have our personnel prices, which is a common practice – I believe – for those working in radio or television. (Celebrity 4)*

Along with celebrity networks, expertise from other professions could be useful for the company. Experiences in storytelling or doing business abroad, and being successful in general, are viewed positively by entrepreneurs. In this sense, the relationship does not only affect celebrities and entrepreneurs but everyone else involved in the team.



*They are grinders. They are not lazy people who have only managed to appear in one bestseller or produce one hit single. But, they are entrepreneurial and hard-working, which is the source of their success. These kinds of people are like athletes - and they can bring their attitude to our startup, too. (Entrepreneur 1)*

It remains an ethical question of how much celebrities should leverage their networks and other careers. For instance, when celebrities work as active parties to connect the company to relevant people, it often stays up to entrepreneurs to prepare and participate in the meetings. Morally, it is essential to make sure that the other side understands they are not meeting celebrities but other members of the team. Nevertheless, from a growth company's perspective, the use of celebrity's networks is highly valuable. While the interviewed celebrities did not seem to be worried about using their influence for the benefit of the company, it is a question that is an exciting topic for future research.

*[The celebrity] has been able to pitch in interviews about us in which I have participated. For instance, the media has asked them to talk about [a topic related to our company]. The celebrity has then declined the interview due to time restrictions but referred me instead. (Entrepreneur 3)*

To conclude, the development of a relationship between celebrities and entrepreneurs is a vital element in celebrity involvement and ownership. Entrepreneurs and celebrities seem to agree that being an owner in the company makes the partnership more natural than traditional endorsements. Sharing a way of being, determining a role, and taking into account various aspects about leveraging their network are the cornerstones of fruitful cooperation. However, together with the relationship, it is also important to understand how celebrity involvement and ownership increase attention from external stakeholders.

### **4.3. Increased attention from external stakeholders**

Unsurprisingly, celebrities gather a lot of attention to growth companies. But, where does this recognition originate from and to which extent is it self-produced? I argue that the value is derived not only from proactive actions of the celebrity but also from the mere notion of the celebrity involvement and ownership in the company. Investors and customers perceive celebrity involvement and ownership as a source of credibility. Often it is enough that celebrities seem to be an authentic member of the company.

Attention derives in three ways. First, the media write many stories about celebrity involvement and ownership in growth companies at the time of the research. Second, celebrities are skilled users in social media and have audiences to share information about growth companies. Third, the consequences of celebrity involvement and ownership also contain issues related to how both sides can stay relevant in the long run. Altogether, celebrity involvement and ownership is difficult to value, but celebrities and entrepreneurs seem comfortable with the issue.

#### **Having the media's interest**

It is becoming clear that celebrity involvement and ownership is quickly noticed outside the company. There is one particular group that is actively reporting on celebrity investors and co-founders, and that is the traditional business media. Indeed, celebrities and entrepreneurs might, at times, be less willing to share their collaboration in public than the press is eager to make stories about them. At least, this is the case in the moment of writing this thesis, and it makes sense. Media is interested in unfolding similar questions as I am researching here; what celebrities and entrepreneurs' collaboration in entrepreneurial ventures is about.

Growth companies could benefit from the media's interest even if they did nothing. News articles increase attention to the company. Celebrities and entrepreneurs do not necessarily have to guide what kinds of stories the media is writing about them. Most often, the media covers celebrity involvement and ownership when it is launched. Some entrepreneurs complain that attention is not always wanted. Thus, the value from media interest might not always be positive.

*During the launch of the celebrity's involvement in the company, it became clear to us how closely the media follows [the celebrity]. We got various requests for collaboration on this or that show... They try to reach celebrities through our company. (Entrepreneur 4)*

The role of media sheds light on the boundaries of celebrity involvement and ownership. Celebrity is geographically limited. Some celebrities have more substantial visibility in the global arena, whereas others are only well-known in their countries. Only a handful are known enough outside countries where the media covers their lives.

*Would be interesting to see [a celebrity] to do something abroad where nobody knows them... whether they could use it as an excuse. No, because no one knows you when you leave the country. (Entrepreneur 6)*

Nowadays, celebrities have more opportunities to build their public image via social media. Thus, the role of media is not as limiting as it could have been. However, celebrities and entrepreneurs must take a more active part when they want to engage with audiences through social media. Ultimately, it is up to the celebrity how they want to engage with their audiences. Much of the attention in celebrity involvement and ownership is therefore gained by the creativity of reaching social media audiences.

### **Reaching out to social media audiences**

Celebrities are present in social media and have existing audiences that could match well with growth companies' target groups. Gained attention from social media audiences is a proactive part of celebrity involvement and ownership. The use of a celebrity's social media account is tied to the role that a celebrity has in the company. In practice, communicating to social media audiences is very close to traditional endorsements – but more naturally. Social media accounts are an ideal platform for celebrities to share their everyday life, and that is where growth companies want to have access.

*What it boils down to is how much a user costs to acquire. Someone with hundreds of thousands of daily followers is a genuine advantage. our customer acquisition cost is chronically lower than our competitors'. (Entrepreneur 3)*

External stakeholders evaluate celebrity involvement and ownership based on how authentic it feels. Celebrities and entrepreneurs think that their audiences are smart enough to recognise when a celebrity is not a part of the company – they fear getting caught of fraud. Consequently, they attempt to stay faithful in the collaboration. Well-thought-out cooperation allows celebrities to create content in a natural way. Often this means that their role in the company is not only perceived to be genuine but that it matches with the story that celebrities are telling about themselves in other contexts, too. The audience is interested in what is going on in celebrities' lives, including their businesses.

*We do not use their influence like [a corporation] would ... It would be wrong for [the celebrity], and it would be wrong for the brand. Every other brand pays celebrities tens of thousands for a shoutout for their brand. I believe that is a false [advertisement] ... If you are so good, you should get the endorsement for free. (Entrepreneur 6)*

One of the interviewed celebrities explains that they would not be able to be affiliated in so many companies if they could not produce material in social media. It could be argued that some of the value that growth companies can get from celebrities would not have

existed a few decades ago – just because social media was not invented yet. Being able to talk about their life is a process that allows celebrities to seem more natural to their audience.

*In the past, talk shows were something that made people come to talk to me. But these days they approach me because they think that my story in [a social medium] was excellent. (Celebrity 4)*

Importantly, celebrity involvement and ownership increases attention because celebrities seem to be invested in growth companies for the longer term. They are then able to produce better stories organically, and their endorsements are not flagged as commercial. Entrepreneurial flexibility and freedom are useful for celebrities, too.

*An organic endorsement is the best. Nothing good happens by force. I would argue that for the celebrity [...] it will not work if you do not believe in [the collaboration]. There would just be a conflict of brands which would then appear dramatically. (Entrepreneur 3)*

One could claim that social media attention can be gained via traditional endorsements. However, there are reasons why celebrity involvement and ownership is more valuable in growth companies. On the one hand, growth companies lack resources to partner with expensive celebrities. And even if they could, they would probably not be attractive enough for the celebrities, because they might not have processes to which celebrities are used to. On the other hand, celebrity involvement and ownership increases the longevity of the collaboration, making it easier for celebrities to embed it in their story.

*It feels more natural... with those guys with deep pockets. And it could be awkward for them to collaborate with a small firm otherwise. We do not have extra money to pay for their endorsement anyway. (Entrepreneur 5)*

Celebrities and entrepreneurs alike bring up that their collaboration must look authentic to external stakeholder. Risks in celebrity involvement and ownership model are related to consumers and investors seeing that celebrities do not bring any value to the company. A lack of social media presence would be one indicator that could tell about this. However, not all celebrities are interested in entrepreneurial ventures to endorse them. Thus, it is difficult to give a value to attention from social media engagement, especially when entrepreneurs do not have previous experience from endorsements. Instead, valuing celebrity involvement and ownership more holistically seems like a common approach in most cases. One way to look at the issue is performance indicators related to customer acquisition.

*From my perspective, there has to be some kind of work effort involved in celebrity involvement and ownership. My opinion is that anyone who is involved has to create value for the company in other ways than by name dropping. (Celebrity 1)*

Future research could focus on the authenticity of celebrity involvement and ownership. It is still unclear whether attention or other factors are strengthened by how authentic celebrities and entrepreneurs' collaboration is. Nevertheless, we are starting to see a pattern where celebrities transfer credibility based on the attention that they bring to the company. Next, issues of staying credible during the cooperation are discussed.

### **Staying relevant in the long term**

Celebrity involvement and ownership in growth companies is often based on a fair share compared to the relevance of a celebrity for the company. Entrepreneurial ventures have to balance their valuation between founders, early-investors, and later-stage funding rounds. An overvaluation of celebrity involvement and ownership risks future funding opportunities, and thus, the partnership must seem relevant at all stages. Attention is

beneficial for most growth companies in the early stages, but its value diminishes over time. A fair share of the company is comparable to celebrities and entrepreneur roles.

*Based on roles, you can figure out how much time each of us uses for the company. I believe [the celebrity's] stake is a fair share compared to their efforts – small but decent. (Entrepreneur 3)*

Those celebrities who already have experience in working with growth companies most likely have an idea of their fair share. Entrepreneurs should remember that celebrity involvement and ownership affects future investment rounds as any other early investors. Rarely, celebrities might be investing in later rounds, but most likely they are active in early stages.

*In my opinion, the shares should not be paid in money. I have only invested the small sum of initial equity. It would be crazy to assume that I would have bought my share and then worked on the marketing and given up access to my social media for free. (Celebrity 4)*

There are as many deals as there are cases. Some celebrities do not mind joining with same conditions than other investors – others want a free share for their work efforts in the company. It is up to celebrities and entrepreneurs to determine which model works in their case. Since there are no quick ways to analyse the value of celebrity involvement and ownership, entrepreneurs need to rely on their gut feeling. As general guidance, the longer the celebrity involvement and ownership stays relevant and draws positive attention for the company, the more valuable it probably is.

*Collaboration is always a contract matter – at least verbally. How well both sides understand what is agreed on is another thing... what is done and what are the hopes. The deeper we go, the more important is that both sides understand what is expected. (Celebrity 1)*

Staying relevant is a part of the attention. The developments of celebrity involvement and ownership determine how well different opportunities are grasped. Entrepreneurs should be aware of their role in activating celebrities throughout the cooperation. Objectives give an idea of how celebrities can help, but situations change in a rapidly growing company. To take full advantage of celebrity involvement and ownership, entrepreneurs should use to engage celebrities in different stages via media and social media, as well.

*The value depends on a two-way relationship – it is up to us as management to engage celebrities. We should not expect them to be proactive at all – even if they always want to help. We will not be on top of their mind. We need to think hard the best ways to get the value out of them. (Celebrity MT)*

Celebrity involvement and ownership comes with requirements for other stakeholders to understand celebrities' limited time resources. The primary work of the celebrity may limit when they can generate attention to the company, and when it is time for other projects. Moreover, some celebrities are not motivated to use any extra time for the company that what they have dedicated explicitly to them. Nevertheless, it might not be as critical for the company to generate attention as one could think. Using recognition strategically can hide how much celebrities are involved in the company. Continuous attention might not be necessary for a successful collaboration, after all.

*I had realised that [a celebrity] was not very responsive to during negotiations. Thus, I had second doubts and was about to give up. But then I realised I could use them for gaining attention from new investors – and that would be it. (Entrepreneur 2)*

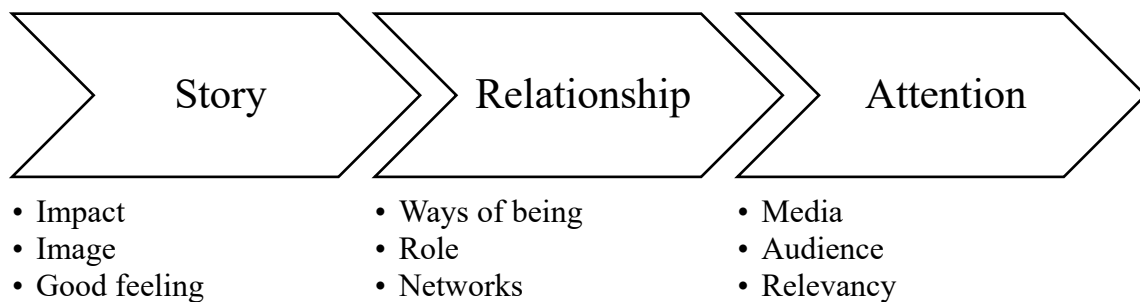
Celebrity involvement and ownership increase the feeling of responsibility. Therefore, celebrities and entrepreneurs' collaboration in growth companies might be much more than meets the eye. In this thesis, I found connections to how well celebrities and



entrepreneurs' stories are converging, what kind of relationships they have, and how attention is drawn to the company from the partnership. Each growth company has its means of using celebrity involvement and ownership, though. An overarching theme, it seems, is that celebrities and entrepreneurs believe in matching the level of commitment rather than focusing on specific outcomes.

*Ownership is bigger of a deal than support. If we want anyone to dedicate time, efforts and ideas, or use their networks... then the bigger the stake, the better the action. Ownership comes in many formats– the feeling can come from other things, too. (Celebrity 1)*

*Figure 3 - Three cornerstones of celebrity involvement and ownership*



In summary, celebrities and entrepreneurs' collaboration could be described in three cornerstones (see Figure 3). Making an impact, building an image, or getting a good feeling are parts of stories which converge into mutual drivers within growth companies. Developing the relationship by having similar ways of being, determining a suitable role, and opening new connections via celebrity networks are elements of a successful partnership. Finally, having the attention of media, reaching out to social media audiences, and staying relevant shed light on the value of celebrity involvement and ownership.

The three elements form a structure for understanding the phenomenon. Outlining how celebrity involvement and ownership in growth companies separates from traditional endorsements like collaboration is vital for studying the topic further. I believe that an overarching difference is that celebrity involvement and ownership is likely to have long-term impacts. Throughout the findings, celebrities and entrepreneurs are concerned about issues related to the longevity of their cooperation. The following discussion about previous research and my conclusions aims to understand what kinds of implications can be derived from this interpretation of celebrity involvement and ownership in growth companies.

## **5. Conclusion**

Celebrities and entrepreneurs have found themselves in beneficial partnerships in entrepreneurial ventures. Based on my analysis, their collaboration is enabled by converging stories, a developing relationship, and the value from increased attention to the company. Celebrity involvement and ownership in growth companies contributes to understanding celebrities and entrepreneurs' collaboration beyond traditional endorsement like effects.

I believe that my thesis provides a conceptual model which helps other scholars to examine a variety of implications about the phenomenon. Additionally, I claim that real-life experiences overviewed in this study help other celebrities and entrepreneurs to reflect their chances of success. However, before diving more profound to my recommendations, I will conclude with critical findings from my analysis. Generally, a conceptual model drawn from marketing and communication research in celebrity endorsement, celebrity entrepreneurship, and celebrity influence seems to hold well with themes interpreted from the data. Moreover, an overarching conclusion hangs in the air, considering the longer-term impact that celebrities and entrepreneurs' collaboration has compared to traditional endorsements.

### **Main findings and contribution**

The three competing theories in celebrity endorsement literature set a proper foundation for understanding celebrity involvement and ownership. Firstly, meaning transfer model and its elaborated version, brand alliance, (e.g., McCracken, 1989; Halonen-Knight & Hurmerinta, 2010) can be seen as correlating with the notion of celebrities and entrepreneurs' converging stories as drivers for their collaboration. Whatever their interests are, if celebrities' aims match those of entrepreneurs' mission, then there is a good chance for aligning their forces for a joint story. Research on celebrity influence

(e.g., McKeown & Shearer, 2019) has shown that celebrities are interested in achieving change in issues outside their work. Along with impact, a building of images, and gaining a good feeling were found to be drivers for celebrity involvement and ownership in growth companies. Interestingly, these drivers have mostly aimed at longer-term change rather than a one-off event.

Secondly, the process of celebrity involvement and ownership is related to the match-up hypothesis known in celebrity endorsement literature. In addition to looking for a brand-endorser fit (e.g., Kamins, 1990), celebrities and entrepreneurs are concerned about their relationship and how well it works. The similar ways of being, a fitting role, and openness about using celebrity networks for the benefit of a growth company were found to be critical elements in the practical side of celebrities and entrepreneurs' cooperation. These findings contribute to a broader perspective of matching up celebrities and entrepreneurs beyond their trustworthiness, attractiveness, expertise, and perceived involvement in a company (Hunter, 2009). To the best of my knowledge, this thesis was one of the earliest studies to explore issues from the internal perspective. Also, the importance of a developing relationship highlights the long-term commitment to celebrity involvement and ownership in growth companies.

Thirdly, the value of increased attention is not surprising, after all, based on extensive research on source models (e.g., Ohanian, 1990), and their ability to provide credibility to the endorsed company. Celebrities and entrepreneurs' collaboration draws arguably more attention to growth companies than traditional endorsements would. Besides, only a few entrepreneurial ventures would have enough money to pay for expensive endorsements, but they can lure celebrities with a stake in the company instead. Additionally, celebrities and entrepreneurs believe that social media audiences will evaluate celebrity involvement and ownership more positively than traditional endorsements. However, at the same time, it is more difficult to value, because stock returns and increase sales are less instant than in traditional endorsements (e.g. Elberse &

Verleun, 2012). Consequently, the long-term relevancy of collaboration becomes important in celebrity involvement and ownership.

The overarching message from this study would be that celebrities and entrepreneurs should collaborate in cases where they can see an alignment of their stories, personalities, and value for years to come. Therefore, engaging in celebrity involvement and entrepreneurship is a more significant commitment than traditional endorsements or celebrity campaigns. Some luck and opportunism might be needed to establish successful partnerships, but, staying open to this kind of cooperation could prove lucrative for both sides of the story. My contribution is to offer a structure for understanding different issues underlying celebrities and entrepreneurs' collaboration in growth companies – both for researchers and practitioners

### **Ideas for future research**

This thesis opens a discussion on the distinctive nature of celebrity involvement and ownership in growth companies. Thus, the avenues for future research are broad. On the one hand, management and entrepreneurship scholars could dig deeper into different sides of my conceptual model. They could alternate data sample and focus on celebrities and entrepreneurs' drivers for the collaboration, for instance. On the other hand, other disciplines, such as marketing or finance, may benefit from the identified aspects of the long-term value, and, for instance, test celebrity involvement and ownership's effect with venture capitalists' valuations.

In this study, primary data was collected from celebrities and entrepreneurs. Future research could explore the phenomenon from, at least, investors and consumers' perspectives. Several interviewees mentioned the same investors by name, unguided and unrelated to each other, suggesting that there might be a specialising group of investors practising celebrity involvement and ownership as a middle person, for example. Alternatively, studying celebrities with a particular focus as cofounders in seed-stage

companies, and as investors in growth-stage companies, for instance, could outline significant differences in drivers that celebrities and entrepreneurs have for different size of companies. Lastly, looking for growth companies that have global megastars as their long-term partners could be a fascinating research topic for the popular audience, too.

Considering the use of celebrity networks, celebrities seemed not to be hesitant about leveraging their career for the benefit of their growth companies. Management scholars could find it appealing to look into ethical questions related to leveraging celebrities' social potential to connect with previously unknown people. For instance, it seems to be a common practice, based on my interviews, that celebrities do not themselves appear in meetings that they have set up for the company. In my opinion, this could be a potential risk to the legitimacy of celebrity involvement and ownership from the point-of-view of external stakeholders.

One repeating term from the interviewees was the authenticity of celebrity involvement and ownership. In the interest of scope, I did not analysis this exciting area further. Instead, future researches could study the notion of authenticity, and what kind of connections it has, for instance, to the value that consumers give to celebrities and entrepreneurs' collaboration. However, it takes a clear definition of what is authentic in the first place. Thus, personally, I do not believe I have enough experience to outline concrete research problems around the seemingly important topic. Still, I will gladly leave it to others interested in celebrity involvement and ownership in growth companies.

### **Implications for celebrities and entrepreneurs**

There are surprisingly many examples of celebrity involvement and ownership available, according to a number of news articles. I would assume that the number of collaborations increases, as more and more celebrities and entrepreneurs find reasons to cooperate. Thus, I wish to elaborate on what I learned about the phenomenon in more practical terms.

First, celebrities and entrepreneurs should feel comfortable about their own interests. The collaboration does not make sense if there is no apparent driver for joining forces. Typically, celebrities and entrepreneurs are reaching for different objectives, but they find common ground in celebrities' life situations or meaningful initiatives. Matching values and views about the world were the most common drivers for interviewed celebrities and entrepreneurs to believe that their cooperation is worth it. Without a good feeling being part of a growth company, celebrities will not probably dedicate much time to it – and simply not worry about it. Respectively, entrepreneurs should be careful whether they are ready to commit to issues that celebrities see exciting in the long-term.

Second, entrepreneurs are the operative power of growth companies despite celebrity involvement and ownership. We have to remember that celebrities are celebrities for some other reason than being a part of the company. They are busy with their career and other initiatives. Finding a way to work together in the most concrete terms is often based on a verbal agreement. Celebrities do not expect that they should commit to strong terms, even though, a contract would be beneficial for managing both sides expectations. One concrete way to become more successful in the collaboration beyond a great relationship is to update objectives and make it as convenient as possible for a celebrity to participate in the company. They might be very willing but just lack resources to plan ahead of anything related to celebrity involvement and company.

Third, celebrities enjoy the attention to their everyday lives – in good and bad. Entrepreneurs must be comfortable because much of the value in celebrity involvement and ownership is related to the increased that celebrities draw to the company. There are practical issues that should be considered before entering cooperation. Firstly, celebrities might easily appear to have a major role in the company. Consequently, entrepreneurs' role diminishes. If an entrepreneur wants to build their brand via their company, then collaborating with celebrities is probably not a good idea. Secondly, growth companies will become a target of media interest, unrelated to their business, when engaging in celebrity involvement and ownership.

To conclude, it might be useful for celebrities and entrepreneurs to consider their collaboration through opportunistic lenses. Staying open to the opportunity might be an excellent chance for consumer brands wanting to stand out of the crowd in their early stages. But celebrities and entrepreneurs must think about the longevity of the partnership that celebrity involvement and ownership in growth companies inherently brings.

Arguably, in the best-case scenario, celebrities and entrepreneurs begin their collaboration based on a joint story, a great personal relationship, and long-term objectives for the increased attention.



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## **Appendix 1. Outline for thematic interview questions**

1. Background information about the company and celebrity's interest in entrepreneurship:
  - How was your company started? How did you end up working with this team?
  - How did you end partnering with a celebrity? Why was this your strategy?
  - What makes you interested in entrepreneurship (as a celebrity)?
2. Celebrity involvement and ownership in the case of the company:
  - What kinds of roles does the celebrity have as an investor/cofounder in the company?
  - What kinds of expectations did you have when starting up the partnership?
  - How do you perceive the advantages and disadvantages related to celebrity involvement and ownership in your company?
3. Making a deal with the celebrity:
  - How did you structure your deal? What has been decided in the contract?
  - Are there any differences in valuation between the celebrity and other shareholders?
  - How have the other shareholders and team members perceived the celebrity's involvement and ownership?
4. Celebrity involvement and ownership as a strategic tool for a growth company
  - Who are celebrity investors/cofounders? Which qualities are useful for them?
  - What would you recommend to other entrepreneurs/celebrities about celebrity involvement and ownership?
  - Are there any learnings that have emerged from your partnership with celebrities (as an entrepreneur)?